

**National Taiwan University**  
**College of Management**  
**Financial Management**  
**724 M0280**

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Fall 2011  
Office: Rm. 1111, Management Bldg. #2

**Course Description**

This course is intended to provide a framework for analyzing financial decisions with an emphasis on the financial decisions of corporations. Lectures, readings, and examples provide an introduction to present value and interest rates, financial asset valuation models, capital budgeting principles, security market efficiency, capital structure, dividend policy, derivative securities and related issues. The focus is on fundamental principles of modern financial theory. The approach as a consequence will be somewhat rigorous and analytical. A knowledge of elementary statistics will be presumed.

**Text**

1. **Corporate Finance**, by Stephen A. Ross, Randolph W. Westerfield and Jeffery Jaffe, McGraw-Hill, 9th Ed., 2010. (Required)
2. **財務管理**，洪茂蔚著，雙葉書廊有限公司，2010年 (Optional)
3. **Cases**: TBA

**Grading**

The course grade will be based on two exams, problem sets, case write-up and class participation. The midterm exam accounts for 30% of your final grade, and the final exam accounts for 50% of your final grade. Problem sets account for 10% of your final grade. In order to receive full credit for the problem sets, each student is required only to attempt, and submit answers to the problem sets. Solutions to the problem sets will be provided. Case write-up and class participation will account for 10% of your final grade.

It is recommended that you work on some additional problems in the text for yourself. It is required that you bring tables for present value and future value and/or financial calculator to class.

**Office Hours**

Tuesdays 1:00 - 2:00 p.m. or by appointment.

**Course Outline**

	<u>Topics</u>	<u>Reading Assign. (chs.)</u>
<b>I.</b>	<b>Overview</b>	
	Introduction to Corporate Finance	1
<b>II.</b>	<b>Valuation and Capital Budgeting</b>	
	Time Value of Money	4
	NPV, Investment Rules and Decisions	5, 6
	Capital Budgeting	7
	Bond and Stock Valuation	8, 9
<b>III.</b>	<b>Risk and Return</b>	
	Risk and Return: Lessons	10
	The Capital Asset Pricing Model	11
	Cost of Capital and Capital Budgeting	13
<b>IV.</b>	<b>Case (1): TBA</b>	

**Mid-Term (Nov. 9, 2011)**

<b>V.</b>	<b>Capital Structure and Dividend Policy</b>	
	Capital Markets and Long-Term Financing	14, 15
	Capital Structure	16, 17
	Dividend Policy	18, 19
<b>VI.</b>	<b>Long-Term Financing</b>	
	Issuing Securities to the public	20
<b>VII.</b>	<b>Options, Futures and Corporate Finance</b>	
	Options	22, 23
	Warrants and Convertibles	24
	Derivatives and Hedging Risk	25
<b>VIII.</b>	<b>Case (2): TBA</b>	

**Final (Jan. 11, 2012)**